

THE CASE FOR A DETROIT PUBLIC LIGHTING AUTHORITY

- Public lighting in Detroit – *subpar for decades* – today requires some \$160 million in repairs.
- Its weak bond rating and lack of available credit make it impractical for Detroit to borrow independently to fix its broken public lighting system.
- A three-bill package to permit any local to create a public lighting authority would help Detroit by ...

1. Authorizing City Council to create a Public Lighting Authority (PLA), while preserving Detroit ownership of its lighting system.
2. Empowering a PLA to bond for resources needed to fix Detroit's public lighting system and to contract with electric utility leaders for operation / management of it.
3. Requiring the 5-member PLA governing board to comprise technical experts in engineering, law and accounting.
4. Limiting the cost of borrowing by letting Detroit dedicate a portion of its Utility Users Tax revenue for repayment of PLA bonds.

(Note: Bond counsel advises the Utility Users Tax would be viewed more favorably than other revenue streams by prospective bondholders.)

5. Earmarking up to 0.2% of Detroit's 2.5% residential income tax to replenish any Utility Users Tax revenue siphoned for repayment of PLA bonds.

(Note: It is anticipated \$12 million from the Utility Users Tax would be needed to retire \$160 million in PLA bonds over a 20-year term. Two-tenths (0.2) of Detroit's 2.5% residential income tax raises \$17 million – more than enough to replace the Utility Users Tax money, all of which goes to hiring and retaining police officers.)

6. Promoting stability in Detroit general fund revenues by eliminating boilerplate prescribing annual reductions in its residential income tax rate.
 7. Mitigating Detroit general fund subsidization of its public lighting system.
- Improving public safety and public lighting services top the list of immediate priorities identified collaboratively by the Bing Administration, Detroit City Council and the Snyder Administration in the recently enacted Financial Stability Agreement. The PLA package would complement both these lofty endeavors.



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Commentary: Returning light to Detroit

City must choose which lights will stay lit as it retrenches

BY KIRK CHEVITZ 3 COMMENTS

If Mayor Dave Bing sticks to his timetable, Detroit neighborhoods soon will be confronted with a question that will determine the shape of the city for years to come: Which streetlights must stay lit and which can go dark forever?

This is a novel question in a rich nation where public lights have been taken for granted for a century. But lack of money for maintenance means some 35,000 streetlights — 40 percent of all Detroit's streetlights — are broken, relegating vast swaths of the city to darkness every night. The dark is one of the most visible and oppressive signs that Detroit's impoverished government struggles to provide even the most basic of services to its dwindling population.

Bing and Gov. Rick Snyder, after several months of talks that included DTE Energy executives, propose to abandon Detroit's failing, century-old public electric system. Bing and Snyder want to create a new city-controlled lighting authority to manage the streetlights. Maintenance of the system would be turned over to DTE or some other private business, according to officials and a private expert with access to the talks.

A new state law is necessary to create the city lighting authority. Valerie J.M. Brader, senior policy adviser to Snyder, said a bill will be introduced when the Legislature returns to session on April 17. Brader, a lawyer and energy expert, is Snyder's point person on this issue.

The core of the plan is to get Detroit out of the electricity business and permanently eliminate a significant number of the 88,000 lights now lining Detroit streets.

"We need to rationalize the system to the needs of the current city," said Beau Taylor, the Bing aide charged with fixing the massive lighting problem. Taylor, with an MBA and experience in rural development work in the Third World, came to the mayor's office last year.

The streetlights were meant to illuminate the Detroit of 1950 with its 1.8 million people. Today, the population is 60 percent smaller, but the area of Detroit remains 143 square miles of land and water.

The population implosion means there are streetlights illuminating places where there are no people. The breakdown in the infrastructure means there is darkness where many people live, shop, work, attend school and church or wait for a bus.

Momentous decision

What is clear to government officials, neighborhood activists and utility experts is that a decision about reducing and repositioning streetlights is a decision about the ultimate size and shape of Detroit and its neighborhoods. Once a part of the city goes permanently dark, it is unlikely to come back.

So the streetlight issue appears to be Detroit's first real encounter with the fundamental puzzle of its survival: How do you downsize (or right size, rationalize, optimize — pick the verb that works for you) the city itself and the city's services to fit the diminished tax revenue generated by 60 percent fewer people than Detroit was designed to serve? Finding money to run the



Streetlights are burned out in Indian Village. Government officials have been discussing a plan to eliminate a significant number of Detroit's 88,000 streetlights (Madelyn Ruggiero / Special to The Detroit News)

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Mayor Dave Bing (David Coates / The Detroit News)

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city is particularly hard when, according to the U.S. Census Bureau, more than a third of Detroit's 700,000 citizens now live below the poverty level.

Ready or not, Detroiters must be prepared to participate fully in solving this puzzle or it will be solved without them, raising the odds that the solution may be neither appealing nor fair.

Taylor and the mayor's press secretary, Naomi Patton, stress that neighborhood residents and police will be consulted before the city decides which streetlights stay on and which are left off or turned off. "We're working through all these details right now with the state and DTE. But we understand that it's important for the citizens of Detroit to play a part in these types of decisions," Patton said.

The governor's office says the state will play no part in deciding how many streetlights will illuminate Detroit. "That's the city's decision," said Snyder aide Brader. She added that Snyder believes fixing the streetlights "is one of the fundamental issues for improving the quality of life for the citizens of Detroit."

The proposed lighting authority is structured to avoid provisions in the Michigan Constitution and the city charter that would require a public vote to approve any sale or disposal of property belonging to a public utility like Detroit's Public Lighting Department, said Krystal Crittendon, the city's top lawyer. Avoiding a vote, of course, also avoids the risk that Detroiters might reject the plan at the polls.

It was in his State of the City speech on March 7 that Bing first referred to his plan to create "a new city-run authority" to replace the "literally broken" lighting department. "In the end, streetlights will be where we need them, and every light will work," he promised.

Bing put a \$150 million price tag on accomplishing this goal. Brader, the governor's advisor, could not identify funding sources for the plan this week. Mayoral spokesperson Patton said financing would come at least partly from state help collecting Detroit income tax revenues, as Bing previously stated. Others familiar with Detroit's finances were skeptical that \$150 million could be produced from the sources the mayor has identified.

Bing staffers say they do not know how many streetlights will be eliminated by the Bing administration's plan. "There will be no final figure about how many exact lights the city is going to have until we adequately address the needs of each neighborhood," Taylor said.

It appears the mayor's cost estimate is based on reductions of roughly 25 to 50 percent, according to ballpark numbers in a 2010 study performed for the city by global consulting firm McKinsey & Co. McKinsey's cost numbers have since been adjusted based on extensive on-the-ground surveys by DTE, the Governor's Office said. Len Singer, a DTE representative, confirmed DTE's participation but said the utility wouldn't comment.

McKinsey also looked at restoring all 88,000 streetlights. But this choice has been ruled out by the Bing administration as unnecessary and too expensive. Mayoral aide Taylor said, "Basically the city is over lit right now."

Fixing the streetlights is not simple. The city's problems extend from antique lighting fixtures to faulty transmission lines that stop electricity from getting where it needs to go.

There are two electrical transmission systems or "grids" in the city. The biggest grid — covering virtually all of Detroit — is owned and maintained by DTE and provides electricity to homes, businesses and most streetlights.

Then there's the city's grid, which primarily follows Detroit's main thoroughfares, powering 33,000 of the 88,000 streetlights and delivering power to public buildings, including Detroit and Wayne County offices, Cobo Center, Wayne State, Detroit Public Schools and Detroit Receiving Hospital. It even delivers power to 200 residences.

In addition to the grid, the city owns the 1920s-era Mistersky Power Plant on West Jefferson.

Legacy of neglect

The plant and the city grid have been neglected for decades, a situation "made worse by old, dilapidated and/or obsolete infrastructure," the McKinsey study found. Simultaneously, the number of skilled personnel to fix things has been cut in half in the past decade, the study confirms.

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There have been recent city and state efforts to switch on 7,600 lights and upgrade some lights to energy-saving LED technology. But meanwhile, more streetlights fail every day, Taylor said.

Join the Conversation

The new lighting authority plan, of course, requires finding a source for at least \$150 million in start-up costs. Making this solution a reality, however, hinges on finding a credible political process for making the tough decisions about where lights should be on and where they should go off.

Mayoral press secretary Patton said the fundamental reason for creating the lighting authority is to maintain local political control over streetlights.

"We do not want to have a situation where the people of Detroit feel as though they don't have input over where their lights are going to be located," she said.

But it has yet to be determined exactly how citizens will participate in these far-reaching decisions or how the mayor will build a consensus for the final outcome.

About the authors ...

These stories were reported and written as part of the efforts of Detroit143, a startup founded by Bill Mitchell and Kirk Cheyfitz, that aims to use journalism to help Detroit neighborhoods accomplish their goals. Mitchell spent a number of years at the Poynter Institute, a journalism think tank. Cheyfitz has been involved in newspaper and magazine publishing and advertising. Both are ex-Free Press reporters.

Detroit143 plans to launch a "Lights on, Detroit!" campaign so that Detroiters have a say about which lights get switched on and which stay dark. Detroit143 has received a small Knight Foundation grant and support from New Detroit, and is seeking additional foundation help. For more information go to <http://Detroit143.com> or <http://bit.ly/Knightlights>.

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